

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Steel America

Virginia's A.L. Philpott Manufacturing Extension Partnership

Steel America Experiences Strong Capacity Gains Through Operational Optimization

Client Profile:

Steel America, a division of Colonna's Shipyard Incorporated, was established in 2000 to address regional opportunities in heavy machining, fabrication and repair. In addition Steel America supports ship repair, maintenance, and overhaul markets that require steel, stainless steel, or aluminum as materials of construction. The company employs 100 people at its facility in Norfolk, Virginia.

Situation:

Steel America had outgrown its current physical plant and was in the midst of an expansion plan. The existing facility consisted of approximately 14,680 square feet of fabrication and 9,600 square feet of machine shops, with some operations in temporary shelters. The expansion plan included the addition of 9,840 square feet of fabrication shop and 11,200 square feet of machine shop in a high-bay facility with appropriate services and bridge cranes.

Management initially sought assistance in optimizing flow and operation of their fabrication business through the Virginia Applied Technology & Professional Development Center (VATPDC) of Old Dominion University, a service delivery partner of Virginia's Philpott Manufacturing Extension Partnership's (VPMEP), a NIST MEP network affiliate. Given the new challenges associated with a rapidly expanding business, Vice President and COO Kenny Mebane requested assistance once again from VATPDC for transitioning to the newly expanded facilities. Mike Cory, a Principle Consulting Engineer from VATPDC, would lead the project given his extensive experience with optimizing job shop environments.

The project's objective was to assure that the significant capital investment made in new capabilities would be supported by future sales growth profits, through capacity gains in the machine and fabrication operations. A bonus benefit would be adding more skilled, well paying jobs to the payroll to sustain future growth.

Solution:

Both operational shops benefited from the development of: 1) job packets to aid in visual management of production jobs; 2) material storage areas to visually manage "stock" and "certified" materials; 3) a safety recognition program with visual displays for employees; 4) a central computerized project management strategy for project management and project document control; and 5) implementation of a Quality Management System.

Results:

- * Increased sales by \$800,000.
- * Retained sales of \$50,000.
- * Realized \$100,000 in cost savings for material.

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- * Saved \$10,000 in labor costs.
- * Increased investments in plant and equipment by \$1.3 million.
- * Invested additional \$43,500 in workforce practices.
- * Avoided costs of \$2 million.
- * Saved \$500,000 in investments.
- * Created 8 jobs.
- * Reduced rework.
- * Eliminated time lost to injuries.

Testimonial:

"With VATPDC's assistance through Virginia's Philpott Manufacturing Extension Partnership, Steel America has been able to successfully address expansion issues as our business continues to grow. Utilizing Mike Cory's expertise to optimize our fabrication and machine shops was well worth the time and capital investment. The return on such an investment continues to exceed our expectations. Our plans are to continue to utilize the services of VATPDC's assistance as a service delivery partner of VPMEP."

Kenny Mebane, Vice President